



February 12, 2008

---

---

## ENGROSSED SENATE BILL No. 159

---

DIGEST OF SB 159 (Updated February 11, 2008 6:01 pm - DI 77)

**Citations Affected:** IC 27-1; noncode.

**Synopsis:** Third party access to terms of health care contracts. Specifies terms under which a third party may obtain access to a contractor's rights and responsibilities related to a provider's delivery of health care services.

**Effective:** July 1, 2008.

---

---

### Gard

(HOUSE SPONSORS — HOY, BROWN T)

---

---

January 8, 2008, read first time and referred to Committee on Health and Provider Services.

January 24, 2008, amended, reported favorably — Do Pass.

January 28, 2008, read second time, amended, ordered engrossed.

January 29, 2008, engrossed. Read third time, passed. Yeas 47, nays 1.

#### HOUSE ACTION

February 4, 2008, read first time and referred to Committee on Public Health.

February 12, 2008, amended, reported — Do Pass.

---

---

C  
o  
p  
y

ES 159—LS 6488/DI 97+



February 12, 2008

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 159

---

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 27-1-37.3 IS ADDED TO THE INDIANA CODE  
2 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2008]:  
4 **Chapter 37.3. Third Party Rights and Responsibilities Under**  
5 **Health Care Contracts**  
6 **Sec. 1. Unless otherwise specified in this chapter, the definitions**  
7 **in IC 27-8-11-1 apply throughout this chapter.**  
8 **Sec. 2. As used in this chapter, "affiliate" has the meaning set**  
9 **forth in IC 27-1-25-1.**  
10 **Sec. 3. As used in this chapter, "contractor" refers to a person**  
11 **with a primary business purpose of entering into health care**  
12 **contracts with providers.**  
13 **Sec. 4. As used in this chapter, "covered individual" means an**  
14 **individual who is entitled to coverage under a health plan.**  
15 **Sec. 5. (a) As used in this chapter, "health plan" means a plan**  
16 **through which coverage is provided for health care services**  
17 **through insurance, prepayment, reimbursement, or otherwise. The**

ES 159—LS 6488/DI 97+



C  
o  
p  
y

term includes the following:

- (1) An employee welfare benefit plan (as defined in 29 U.S.C. 1002 et seq.).
- (2) A policy of accident and sickness insurance (as defined in IC 27-8-5-1).
- (3) An individual contract (as defined in IC 27-13-1-21) or a group contract (as defined in IC 27-13-1-16).

(b) The term does not include the following:

- (1) Accident-only, credit, Medicare supplement, long term care, or disability income insurance.
- (2) Coverage issued as a supplement to liability insurance.
- (3) Worker's compensation or similar insurance.
- (4) Automobile medical payment insurance.
- (5) A specified disease policy issued as an individual policy.
- (6) A short term insurance plan that:
  - (A) may not be renewed; and
  - (B) has a duration of not more than six (6) months.
- (7) A policy that provides a stipulated daily, weekly, or monthly payment to an insured during hospital confinement, without regard to the actual expense of the confinement.

Sec. 6. As used in this chapter, "health care contract" means a contract between a person and a provider specifying the rights and responsibilities of the:

- (1) person; and
- (2) provider;

in relation to payment for and delivery of health care services to a covered individual.

Sec. 7. A contractor may not lease, rent, or otherwise grant access to a provider's health care services under a health care contract unless the contractor complies with one (1) of the following:

- (1) The third party to which the access is granted is:
  - (A) an employer or another entity providing coverage for health care services to the employer's or entity's employees or members and the entity has a contract with the contractor or the contractor's affiliate for the administration or processing of claims for payment or service provided under the health care contract; or
  - (B) an affiliate or a subsidiary of the contractor or providing administrative services to or receiving administrative services from the contractor or the contractor's affiliate or subsidiary.

**C  
o  
p  
y**



**(2) The:**

**(A) health care contract specifically states that the contractor may lease, rent, or otherwise grant access to the provider's health care services under the health care contract;**

**(B) third party accessing the health care contract is:**

**(i) a payer or third party administrator or another entity that administers claims on behalf of the payer;**

**(ii) a preferred provider organization or preferred provider network, including a physician-hospital organization; or**

**(iii) an entity engaged in the electronic claims transport between the contractor and the payer; and**

**(C) third party that is granted access to the provider's health care services under the health care contract is obligated to comply with all the applicable terms of the health care contract.**

**Sec. 8. (a) A contractor that leases, rents, or otherwise grants access to a provider's health care services as described in section 7(2) of this chapter shall maintain an Internet web page or a toll free telephone number through which the provider may obtain a listing, updated at least semiannually, of the third parties to which access to the provider's health care services has been granted.**

**(b) A contractor shall, at the time a health care contract is entered into with a provider, identify and provide any preferred provider organization, preferred provider network, physician hospital organization, or other entity identified in section 7(2)(B)(ii) of this chapter that is known at the time of contracting, to which the contractor will grant access to the provider's health care services under section 7 of this chapter.**

**Sec. 9. A contractor that leases, rents, or otherwise grants access to a provider's health care services under section 7 of this chapter shall ensure that an explanation of benefits or remittance advice furnished to the provider that delivers health care services under the health care contract identifies the contractual source of any discount that applies.**

**Sec. 10. Subject to applicable continuity of care requirements, a third party's right to exercise a contractor's rights and responsibilities under a health care contract terminates on the date that the health care contract is terminated.**

**Sec. 11. A health care contract may provide for arbitration of disputes arising under this chapter.**

**C  
o  
p  
y**



1       SECTION 2. [EFFECTIVE JULY 1, 2008] IC 27-1-37.3, as added  
2       by this act, applies to a health care contract (as defined in  
3       IC 27-1-37.3-6) that is entered into, amended, or renewed after  
4       June 30, 2008.

**C  
o  
p  
y**



## COMMITTEE REPORT

Madam President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 159, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17.

Delete pages 2 through 7.

Page 8, delete lines 1 through 7.

Page 8, line 15, delete "the person" and insert **"a person with a primary business purpose of entering into health care contracts with providers."**

Page 8, delete line 16.

Page 8, line 19, after "Sec. 4." insert **"(a)"**.

Page 8, between lines 28 and 29, begin a new paragraph and insert: **"(b) The term does not include the following:**

- (1) Accident-only, credit, Medicare supplement, long term care, or disability income insurance.**
- (2) Coverage issued as a supplement to liability insurance.**
- (3) Worker's compensation or similar insurance.**
- (4) Automobile medical payment insurance.**
- (5) A specified disease policy issued as an individual policy.**
- (6) A short term insurance plan that:**
  - (A) may not be renewed; and**
  - (B) has a duration of not more than six (6) months.**
- (7) A policy that provides a stipulated daily, weekly, or monthly payment to an insured during hospital confinement, without regard to the actual expense of the confinement."**

Page 8, delete lines 36 through 42, begin a new paragraph and insert:

**"Sec. 6. A contractor may not lease, rent, or otherwise grant access to a provider's health care services under a health care contract unless the contractor complies with one (1) of the following:**

- (1) The third party to which the access is granted is:**
  - (A) an employer or another entity providing coverage for health care services to the employer's or entity's employees or members and the entity has a contract with the contractor or the contractor's affiliate for the administration or processing of claims for payment or service provided under the health care contract; or**
  - (B) an affiliate or a subsidiary of the contractor or**



C  
O  
P  
Y

providing administrative services to or receiving administrative services from the contractor or the contractor's affiliate or subsidiary.

**(2) The:**

**(A) health care contract specifically states that the contractor may lease, rent, or otherwise grant access to the provider's health care services under the contract;**

**(B) party accessing the contract is:**

**(i) a payer or third party administrator or another entity that administers claims on behalf of the payer;**

**(ii) a preferred provider organization or preferred provider network, including a physician-hospital organization; or**

**(iii) an entity engaged in the electronic claims transport between the contractor and the payer; and**

**(C) entity that is granted access to the provider's health care services under the health care contract is obligated to comply with all the applicable terms of the contract.**

**Sec. 7. A contractor that leases, rents, or otherwise grants access to a provider's health care services as described in section 6(2) of this chapter shall maintain an Internet web page or a toll free telephone number through which the provider may obtain a listing, updated at least semiannually, of the entities to which access to the provider's health care services has been granted.**

**Sec. 8. A contractor that rents, leases, or otherwise grants access to a provider's health care services under section 6(1) or 6(2) of this chapter shall ensure that an explanation of benefits or remittance advice furnished to the provider that delivers health care services under the health care contract identifies the contractual source of any discount that applies.**

**Sec. 9. Subject to applicable continuity of care requirements, a third party's right to exercise a contractor's rights and responsibilities under a health care contract terminates on the date that the health care contract is terminated.**

**Sec. 10. A health care contract may provide for arbitration of disputes arising under this chapter."**

Delete page 9.

Page 10, delete lines 1 through 13.

Page 10, line 16, delete "or a third party agreement (as defined in".

**C  
O  
P  
Y**



Page 10, line 17, delete "IC 27-1-37.3-6)".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 159 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 11, Nays 0.

---

### SENATE MOTION

Madam President: I move that Senate Bill 159 be amended to read as follows:

Page 1, line 8, after "2." insert "**As used in this chapter, "affiliate" has the meaning set forth in IC 27-1-25-1.**

**Sec. 3."**

Page 1, line 11, delete "3." and insert "**4.**".

Page 1, line 13, delete "4." and insert "**5.**".

Page 2, line 19, delete "5." and insert "**6.**".

Page 2, line 26, delete "6." and insert "**7.**".

Page 3, line 2, delete "contract;" and insert "**health care contract;**".

Page 3, line 3, after "(B)" insert "**third**".

Page 3, line 3, after "the" insert "**health care**".

Page 3, line 11, delete "entity" and insert "**third party**".

Page 3, line 13, after "of the" insert "**health care**".

Page 3, line 14, delete "7." and insert "**8. (a)**".

Page 3, line 15, delete "6(2)" and insert "**7(2)**".

Page 3, line 18, delete "entities" and insert "**third parties**".

Page 3, between lines 19 and 20, begin a new paragraph and insert:

**"(b) A contractor shall, to the extent possible at the time a health care contract is entered into with a provider, identify in the health care contract any third party to which the contractor will grant access to the provider's health care services under section 7 of this chapter. "**

Page 3, line 20, delete "8." and insert "**9.**".

Page 3, line 20, delete "rents, leases," and insert "**leases, rents,**".

Page 3, line 21, delete "6(1) or 6(2)" and insert "**7**".

Page 3, line 26, delete "9." and insert "**10.**".

Page 3, line 30, delete "10." and insert "**11.**".

Page 3, line 34, delete "IC 27-1-37.3-5)" and insert "**IC**

C  
o  
p  
y





27-1-37.3-6)".

(Reference is to SB 159 as printed January 25, 2008.)

GARD

---

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred Senate Bill 159, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 3, line 24, delete "to the extent possible".

Page 3, line 25, delete "in the health" insert "**and provide**".

Page 3, line 26, delete "care contract".

Page 3, line 26, delete "third party" and insert "**preferred provider organization, preferred provider network, physician hospital organization, or other entity identified in section 7(2)(B)(ii) of this chapter that is known at the time of contracting,**".

and when so amended that said bill do pass.

(Reference is to SB 159 as reprinted January 29, 2008.)

BROWN C, Chair

Committee Vote: yeas 9, nays 0.

C  
o  
p  
y

